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SUBJECT: NORTHERN NIGERIA ECONOMIC QUARTERLY

¶1. SUMMARY. PUBLIC ACCEPTANCE OF THE NEW GOVERNMENT'S POLICIES REMAINS TENTATIVE IN THE NORTH. MOST CONSUMER GOODS ARE IN GOOD SUPPLY, AND PRICES ARE GENERALLY LOWER THAN A YEAR AGO. DIFFICULTY IN OBTAINING RAW MATERIALS HAS LED TO PLANT CLOSURES TEMPORARILY IDLING MANY WORKERS, BUT EMPLOYMENT LEVELS GENERALLY HAVE REMAINED STEADY. THE AGRICULTURAL PICTURE IS STILL BRIGHT, ALTHOUGH A NUMBER OF FACTORS MAY REDUCE THE HOPED-FOR RECORD HARVEST. WITH THE EXCEPTION OF A BRIEF WALKOUT AT THE KADUNA PEUGEOT PLANT, THE LABOR SCENE HAS BEEN RELATIVELY QUITE. END SUMMARY.

¶2. THIS IS THE FIRST IN A SERIES OF QUARTERLY ECONOMIC REPORTS AIMED AT GAUGING PUBLIC REACTION TO THE BABANGIDA GOVERNMENT AND THE ECONOMY'S RESPONSE TO ITS POLICIES. THIS INITIAL REPORT FOCUSES PRIMARILY ON KADUNA, BUT FUTURE REPORTS WILL INCLUDE THE ENTIRE NORTH AND THE SCOPE WILL BE BROADENED TO INCLUDE ADDITIONAL ECONOMIC INDICATORS AND REACTIONS.

¶3. PUBLIC CONFIDENCE IN THE ECONOMY

THE GENERAL PUBLIC CONTINUES TO TAKE A WAIT AND SEE ATTITUDE TOWARD THE BABANGIDA GOVERNMENT'S ECONOMIC POLICIES. KADUNA'S NEW GOVERNOR SEEMS KEENLY AWARE OF THE DISPARITIES BETWEEN THE HAVES AND THE HAVENOTS, AND THE BASIC ECONOMIC NEEDS OF THE GENERAL PUBLIC CERTAIN TO BE A MAJOR FACTOR IN DETERMINING WHAT FUTURE ROAD TO FOLLOW. WHILE POPULAR SENTIMENT HAD TURNED AGAINST THE FMG IN THE LATTER STAGES OF THE BUHARI REGIME, THE PUBLIC SEEMS WILLING TO GIVE THE NEW GOVERNMENT THE BENEFIT OF THE DOUBT. EVEN THE RECENT BANNING OF RICE AND MAIZE IMPORTS, A MOVE WHICH COULD CAUSE HARDSHIP FOR SOME PEOPLE, HAS RAISED NO PUBLIC OUTCRY.

¶4. MARKET SURVEY

--AVAILABILITY OF GOODS: MOST CONSUMER ITEMS ARE IN GOOD SUPPLY IN KADUNA. AUTOMOBILE SPARE PARTS ARE OCCASIONALLY AT A PREMIUM, BUT THE SITUATION IS MUCH IMPROVED FROM A YEAR AGO. TIRES THEN AVAILABLE FOR NAIRA 300 (APPROX. USDOL 330) CAN NOW BE FOUND FOR LESS THAN NAIRA 100. PETROLEUM PRODUCTS WERE BRIEFLY SCARCE DURING THE FIRST WEEK OF OCTOBER, EVIDENTLY DUE TO PANIC BUYING WHEN THE PUBLIC LEARNED THAT THE NIGERIAN NATIONAL PETROLEUM CORPORATION (NNPC) REFINERY WOULD BE CLOSING TEMPORARILY FOR ITS REGULAR ANNUAL MAINTENANCE. DISTRIBUTION PROBLEMS SEEM TO HAVE BEEN SOLVED, AND THE SITUATION HAS RETURNED TO NORMAL. THE EXPECTED GOOD HARVEST SHOULD KEEP FOOD SUPPLIES PLENTIFUL IN THE MARKETPLACE.

--PRICES: PRICES ARE GENERALLY LOWER THAN LAST YEAR FOR MOST ESSENTIAL COMMODITIES, AGAIN REFLECTING THE GOOD HARVEST. GRAIN PRODUCTS ARE SELLING AT PRICES 25 TO 50 PERCENT BELOW LAST OCTOBER'S LEVELS. PRICES, HOWEVER, ARE SUBJECT TO FLUCTUATION DUE TO A VARIETY OF CHANGING ECONOMIC FACTORS. THE PRICE OF RICE MORE THAN DOUBLED IN KADUNA'S CENTRAL MARKET AFTER THE OCTOBER 1ST ANNOUNCEMENT THAT IMPORTATION WOULD BE BANNED, BUT MAIZE PRICES REMAIN STEADY EVEN THOUGH ITS IMPORTATION HS ALSO BEEN BANNED. GROUNDNUT OIL PRICES JUMPED AFTER PRESS REPORTS THAT A SIGNIFICANT PORTION OF THE CROP WILL BE LOST TO ROSETTE DISEASE. HERE IN KADUNA, BEAN PRICES ALSO HAVE LEAPED DURING THE PAST TWO WEEKS, EVIDENTLY DUE TO HEAVY INSECT INFION ON LOCAL FARMS. PRICES FOR NON-FOOD ITEMS, SUCH AS LAUNDRY DETERGENT, ARE AS MUCH AS 25 PERCENT LESS THAN 1984 LEVELS.

15. EMPLOYMENT

THE TEMPORARY CLOSURE OF THE PEUGEOT ASSEMBLY PLANT IN AUGUST AND SEPTEMBER WAS THE MAJOR EMPLOYMENT NEWS IN KADUNA RECENTLY. THE SIX WEEKS OF FORCED LEAVE IDLED MORE THAN 4,000 WORKERS, BUT THE PLANT HAS NOW RESUMED PRODUCTION. DIFFICULTY IN OBTAINING RAW MATERIALS FROM ABROAD CONTINUES TO BE A PROBLEM FOR MAJOR INDUSTRIAL CONCERNS IN THE NORTH. PRESS REPORTS SUGGEST THAT THE STEYR TRUCK PLANT IN BAUCHI MAY ALSO SOON BE FORCED TO CLOSE TEMPORARILY FOR THE SAME REASON. NO MAJOR RETRENCHMENT EXERCISES HAVE OCCURRED RECENTLY. THE NEW STATE GOVERNORS HAVE TALKED ABOUT REDUCING THE NUMBER OF CIVIL SERVANTS, BUT THEY HAVE ALSO PROPOSED SETTING UP ALTERNATE EMPLOYMENT SCHEMES, PRIMARILY FARMING PROJECTS, TO ABSORB THE DISPLACED GOVERNMENT WORKERS.

16. AGRICULTURE

RAINS THROUGHOUT THE NORTH HAVE BEEN EXCELLENT THIS YEAR, BUT EARLIER PREDICTIONS FOR A BUMPER HARVEST MAY HAVE BEEN PREMATURE. WHILE CROP PRODUCTION WILL CERTAINLY BE BETTER THAN MOST PREVIOUS YEARS, A NUMBER OF FACTORS WILL REDUCE HOPED-FOR RECORD CROPS. IRONICALLY, FLOODING CAUSED BY TOO MUCH RAIN IN AREAS HIT LAST YEAR BY DROUGHT HAS DESTROYED MANY CROPS, AND PEST INFESTATION AND DISEASE HAVE STRUCK ELSEWHERE. ONCE THE HARVEST IS IN, STORAGE AND DISTRIBUTION SEEM LIKELY TO BECOME PROBLEMS.

17. NEW INDUSTRY

UNIPETROL WILL BE INAUGURATING A NEW MOTOR OIL/LUBRICANT FACILITY IN KADUNA ON OCTOBER 15. THE PLANT, LOCATED ON THE NNPC REFINERY COMPLEX, IS HIGHLY AUTOMATED WITH LARGELY FRENCH-MADE EQUIPMENT. IT WILL SUPPLY OILS AND LUBRICANTS FOR MUCH OF THE NORTH, GETTING MOST OF ITS RAW MATERIALS DIRECTLY FROM THE REFINERY; SOME ADDITIVES WILL BE IMPORTED FROM FRANCE. THE FACILITY WILL ADD ONLY ABOUT 20 JO LOCAL EMPLOYMENT ROLLS.

18. LABOR

THE LABOR SCENE GENERALLY HAS BEEN QUITE IN THE NORTH. THE ONLY NOTABLE RUMBLINGS WERE AT KADUNA'S PEUGEOT ASSEMBLY PLANT OCTOBER 4 WHEN WORKERS WALKED OUT AFTER LEARNING OF COMPANY PLANS TO DEDUCT 15 DAYS' PAY FROM UPCOMING MONTHLY SALARIES TO MAKE UP FOR DAYS LOST DURING THE SIX WEEKS OF FORCED LEAVE IN AUGUST AND SEPTEMBER.

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